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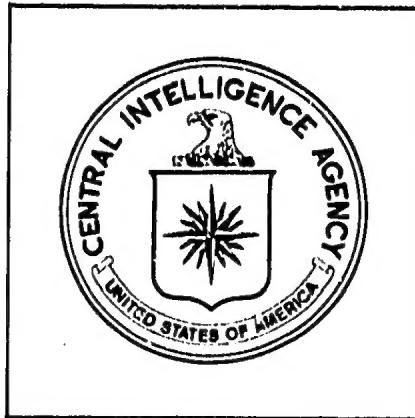
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STAFF NOTES:

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WESTERN EUROPE - [REDACTED] - INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Phone: 143-5135

Lisbon Moderates Try To Alter Movement's Plan

Moderate civilian politicians are cautiously optimistic that an acceptable compromise can be worked out with the Armed Forces Movement on the military's continuing role in Portuguese politics. Their hopes may be premature, however; only the first round of negotiations has been completed, and the Movement has yet to respond to the politicians' counterproposals.

In discussions with the Movement's eight-man special committee last week, the major non-communist parties objected forcefully to several points in the Movement's program--particularly the provisions calling for military approval of presidential candidates and giving the Movement a major voice in the legislative process.

A leader of the Social Democratic Center termed his party's meeting with Movement representatives "very cordial." But his party believes that the Movement's special eight-man negotiating committee has overstepped the mandate given it by the Movement's General Assembly by being too sweeping in its presentation of the points in the program. Party members expect the committee to take their suggestions back to the General Assembly, where they are confident a more moderate plan will be drawn up. There is no guarantee, however, that the program in fact will be referred back to the assembly.

The Socialists also believe that the situation for the moderates is improving. Party leader Mario Soares told 25X1X last week that the worst is over in the struggle to define the Movement's political role. He indicated that the Socialists, the center-left Popular Democrats, and the Social Democratic Center have mustered considerable support against the most objectionable proposals, and he is confident that a "reasonable compromise"

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will be reached. The usually pessimistic Cunha Rego, a high official of the Socialist Party, agrees with Soares' assessment but fears the military may tire of negotiating and institute a Peronist style of rule.

The Portuguese Communist Party and the Communist-dominated Portuguese Democratic Movement have entered no objections to the Armed Forces Movement's plan. They are not expected to do well in elections, so continued military control of the government would enable them to retain more influence than they would have in a freely elected government.

The political parties may not be willing to press their objections if the Movement refuses to compromise. The campaign for the election to be held April 12 for a constituent assembly cannot start until there is agreement on the program. The beginning of the campaign has already been postponed from March 3 to March 20, and any further delay would likely mean a postponement of the election as well. (Confidential)

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More Labor Problems in Belgium

Thousands of oil refinery and water workers staged a 24-hour strike in Belgium on Monday. The refinery workers were supporting grievances of independent truckers, who claim that their employers are ignoring recent work agreements. The water workers' protest is aimed at forcing the government to make them state agents, presumably to gain increased civil service benefits. Belgian school teachers, who have a long list of grievances including delayed payment of salaries, also went on strike Monday. The teachers have a staggered strike plan that calls for shutting down schools in different provinces every day.

The water workers' strike affected two provinces in economically depressed French-speaking Wallonia, which has been the scene of earlier labor action in the near-bankrupt glass industry. Local leaders are particularly disturbed that the federal government has not developed a program to revive Wallonia's depressed industries. Prime Minister Tindemans depends upon Wallonian support for an absolute majority in government and failure to respond to the area's needs will increase the already mounting criticism of the seemingly inert administration. (Confidential)

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Phone: 143-6884

Results of Carinthian Elections Reflect
Austrian Nationalism

Voters in Carinthia on Monday showed a strong nationalist reaction against the complaints of the state's Slovene minority. Although the distribution of seats of the three main parties in the state parliament remains unchanged--Socialists 20, People's Party 12, and Freedom Party 4--the newly formed Slovene Unity List got only 2 percent of the vote. The Austrian Communist party fared about the same.

The results will tend to support the decision of Socialist Chancellor Kreisky to conduct a census in Carinthia next year to determine the size and distribution of the non-Germanic population. The data would then be used to delineate the minority pockets within the state so that bilingual roads signs and other Slovenian features could be instituted. This plan is not popular with the minority, however, which fears that increased nationalistic sentiment will suppress their representation throughout the entire state.

Austria's handling of the minority problem has angered Slovenes in Yugoslavia who have encouraged their government to protest in Vienna against what they view as discrimination in Carinthia. The Yugoslav ambassador to Vienna also protested "anti-Yugoslav provocations" by members of the Ustashi, the anti-Communist Croatian terrorist group which recently held a rally in Carinthia. A similar protest appealing to Vienna to prohibit such events was made to the Austrian ambassador in Belgrade.

Some observers credit the Socialist success in Carinthia to the party's decision to move further right during the campaign. The other two major parties in Austria are even more conservative and nationalistic. If this attitude is reflected in the Austrian national elections in the fall, relations between Vienna and Belgrade may be further strained. (Confidential)

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International Energy Agency
Prepares to Meet

The principal issue facing the governing board of the International Energy Agency, when it meets in Paris on Thursday, is the US proposal for a minimum price for oil that would encourage the consuming nations to reduce their dependence on imported oil by developing alternative sources of energy. The efforts of the participants to reach an agreement may be complicated by the inability of the EC to agree on a floor price of its own. The eight EC states that are members of the international agency --France is the hold-out--would be reluctant to accept the obligations of a floor price for oil if France were not similarly bound and, as a result, might profit from deflated oil prices in the future.

The EC members of the international agency will, however, also keep in mind that President Giscard on Sunday sent formal invitations to the EC and nine other states including the US to participate in a preparatory meeting for a conference of oil producers and consumers. The EC states realize that progress in developing alternative sources of energy is a major prerequisite for US acceptance of a producer-consumer conference. If the US rejects Giscard's invitation as premature, the eight EC states would be placed in the uncomfortable position of having to side with the US or France. The eight faced a similar problem at the Washington energy conference a year ago and split with France, but since that time they have tried to strengthen EC ties and draw France into the work of the international agency.

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Most of the members of the international agency accept the principle of a floor price for energy but there is no consensus on the level at which it should be set. Most of the EC members, as well as Japan, argue that a high price -- near the present cost of oil -- would favor the US and Canada. These states feel that a price between \$5 and \$6 a barrel would be more appropriate.

Even if the international agency reaches a satisfactory agreement on price levels, it will still have to decide on the modalities of participation in the producer-consumer meeting and whether to expand the scope of the conference to include all raw materials -- as demanded by the developing states -- and not just oil. (Confidential No Foreign Dissem)

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Irmak's Efforts To Form New Turkish Government

In the latest attempt to form a government, prime minister-designate Sadi Irmak appears to be facing the same problems that led to his failure to obtain a vote of confidence in his initial effort last November.

Irmak's announced intention was to form a "national coalition" that would consist primarily of Turkey's two largest parties--former prime minister Ecevit's Republican Peoples Party and Suleyman Demirel's Justice Party. His hopes appear to have been dashed, however, when Demirel announced today that his party would not participate.

Irmak will probably continue his negotiations with other political parties, however, in an attempt to obtain enough support to win a vote of confidence. His most promising prospect appears to be a coalition that would include Ecevit's party and the Democratic Party plus a few independents.

Ecevit's initial reaction was favorable when Irmak was redesignated last weekend. His willingness to participate in a coalition, however, would probably be conditional on Irmak's commitment to early elections. This could prove troublesome for the Democrats. Earlier efforts to link Ecevit's RPP and the Democrats in a coalition have foundered on Ecevit's demand for elections no later than this summer and on some serious personal differences that have threatened to split the Democratic Party.

Nonetheless, the Democratic Party reacted favorably to Irmak's initial announcement and might find it easier to join a coalition with Ecevit's party if Ecevit himself is not participating in the government. If Irmak could count on the support of all those who have shown interest, it would give

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him five more votes in the national assembly than the 226 needed for a majority. Crucial to this formula would be the Democrats' ability to prevent a split in their party.

Such a split would give Demirel's four-party "nationalist coalition" a bare majority. It is in the hope that his rightist coalition might still come to power that Demirel rejected Irmak's offer.

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██████████ however, President Koruturk, as well as the military, opposes Demirel's front because it includes two Islamic-oriented parties on the extreme right. Koruturk and the military believe that no government could function effectively if it included these extremist parties.

Should Irmak fail in this attempt to break the political impasse--now in its sixth month--he could continue in his role as caretaker for the time being. It is not clear what new move Koruturk might make in that event but his prestige would clearly suffer in the wake of another failure. One newspaper in Ankara has suggested that if a new government is not formed by March 6, Koruturk might resort to his ultimate weapon, resignation. (Secret No Foreign Dissem/Controlled Dissem)

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Cabinet Reshuffle Possible in Spain

Prime Minister Arias' delay in naming a replacement for his labor minister who resigned last week has sparked rumors in Madrid that a cabinet reshuffle may be in the offing.

While the delay may only reflect difficulty in finding a suitable candidate for the labor ministry, there is growing speculation that Arias will take this opportunity to rid the government of some of those ministers who have opposed his efforts to liberalize the regime. Arias' credibility has been damaged by restrictions placed on his program to allow political associations, as well as by the recent crackdown on labor, students, and the press. The loss of his moderate labor minister who resigned rather than accept an anti-strike provision in a proposed labor law was another blow.

A key figure in showing the extent of any shakeup would be National Movement Minister Jose Utrera Molina, head of the official party, who is trying to restrict the formation of political associations. Arias would like to drop him, although one rumor has it that Utrera might be transferred to head the labor ministry.

Arias is reportedly discussing cabinet changes with General Franco who has always been reluctant to see new faces in the cabinet, especially during periods of unrest. Franco nevertheless may agree to some cosmetic changes that would give Arias a boost. Despite the new faces that might be brought into the cabinet, Arias would still be subject to rightist pressures.
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